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Each year CIA analyzes Soviet ruble outlays for defense programs. During the past year new Soviet price information has been acquired which clearly shows that earlier estimates of the ruble costs of Soviet weapon systems were far too low.

The upward revision of ruble costs does not mean there has been a corresponding increase in the size or capabilities of Soviet military forces. CIA's estimates of the number and capabilities of missiles, aircraft, manpower and other elements of Soviet military forces have not changed because they are based on direct evidence in which there is a high degree of confidence. The new ruble figures do mean the Soviets have been less efficient in producing equipment than thought earlier. They also mean that Soviet leaders have been willing to tolerate a greater defense burden on the economy than originally estimated.

The size of this burden since 1970 is now believed to be some 11-13 percent of GNP. Soviet defense costs had previously been estimated at 6-8 percent of GNP. As defined in US budgetary terms, Soviet defense spending grew from 40-45 billion rubles in 1970 to about 50-55 billion rubles in 1975. These figures are based on constant 1970 ruble prices. Under a broader definition of defense--as the Soviets might see it themselves--spending in 1970 was about 45-50 billion rubles and 55-60 billion rubles in 1975.

Much of the new information is still being evaluated and the attached CIA study must be considered an interim report subject to change.